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NEW WAGE SYSTEM IN CHINA

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## FOREWORD

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### NEW WAGE SYSTEM IN CHINA

Following is a translation of an unsigned article in the Polish newspaper Zycie gospodarcze (Economic Life), Vol. XV, No. 11 (443), 13 March 1960, Warsaw, page 6.

After the experimental period, the Chinese People's Republic began to universally apply in industry and construction the system of stable monthly wages for the workers. Now that the "according-to-job" wage system has been abandoned, individual production norms constitute one of the qualifying elements of a worker's productivity and his attitude toward the work performed. They are useful for a comparison of the realization of the tasks of given jobs and the production indexes of the enterprise. The wide span of various categories works to the advantage of highly skilled workers who demonstrate initiative in both their work and social activity. According to the principle "politics is the main driving force," the wage system is closely relating material incentives to educational work. This is expressed, for example, in the collective distribution of periodic bonuses and rewards constituting permanent supplements to wages.

Asked why wages according to the job have been abandoned, the Anshan Steelworks, the Shanghai Machine Construction Works, and the Peiping Agricultural Machines and Tools Plant in turn explained the matter in more or less similar terms. The introduction of individual production norms in 1956-1957 as the basis for the abandonment of daily wages at first had mainly positive results, especially where determination of the plan indexes for individual jobs did not create any particular difficulty. There was no possibility, however, of satisfying the desire of the workers as regards introducing a uniform system of norms on the scale of an enterprise, and even less so on the scale of whole industrial branches. The obstacles consisted in lack of experience in the determination of work norms, lack of specialists in this field and considerable differences in the degree of mechanization of production processes and in the qualification of workers in the various enterprises.

Seeking higher earnings, many skilled workers failed to give adequate attention to new workers. Those of them who were not socially well educated were reluctant to share the experiences they had acquired. At the same time, other workers, highly skilled possessing strong social feelings, and devoting the maximum time during the workday to helping their comrades, perceived most painfully in their earnings the deficiency of a wage system according to job. Workers with mediocre qualifications were able to earn 2 or 3 times more than much better workers.

Discussions of this problem, which became more intense particularly at the time of the campaign for the improvement of the organization of work and during the first months after the launching of the slogan "the great leap forward," generally agreed that both the daily and according-to-job wage systems should be abandoned. Also manifest for a certain time were tendencies to give up - the general application of production norms, which were viewed as a delaying-action factor as regards maximum productivity. It was said that even frequent review would not yield adequate results because of the extraordinary increase in productivity, the modernization of production processes, the improvement in the general qualifications of workers, initiative, and better cooperation within and between enterprises. In some enterprises these views resulted in the advent of the concept of "equal wages for all." The overcoming of this type of erroneous concept was helped by the political campaign of the party, explaining that it is still necessary to maintain for a long time the socialist principle of "each according to his work" in combination with an analysis of the magnificent results of the realization of the first tasks of "the great leap."

Toward the end of 1958, the government made the decision to set, for a temporary period of 2 years, compulsory wage indexes for unskilled workers, janitors, porters, sweepers, and other employees of state and collective production plants, enterprises, and institutes who perform work which does not require special qualifications. According to this decision, monthly wages (salaries) cannot exceed the average incomes of peasants in neighboring localities. These wages are augmented by the difference in the total expenses involved in living in the city.

Similar principles were applied to all seasonal workers employed in construction enterprises, road projects, irrigation works, etc. Several plants came out at the same moment with the proposal that permanent monthly wages be determined with reference to the particular job as regards workers with especially high qualifications and important social activity, in order that they might be guaranteed an adequate income. These steps in turn constituted the basis for the introduction of a homogeneous wage system for all workers.

The main factors determining the placement of a worker in one of the permanent groups of wage categories are his attitude toward the work performed, his social activity, his initiative, the assistance he gives to co-workers with lower qualifications, and his realization of the production goals set for him. Industry and construction have introduced an eight-level wage system (with slight deviations). The placement group given to a worker is similar to a military grade. A worker can be demoted to a lower group only by disciplinary action.

Wages are determined on the basis of a general assessment of the standard of living in a given district, the amount being determined by the standard of the neighboring localities. This arrangement is to counteract an unjustified flow of workers from the country to urban centers, and, at the same time, to contribute to the reduction of contradictions between the workers and the peasants. Thus in the various

production plants belonging to the same branches of industry, it is possible to note considerable variations in wages.

To illustrate the wage system in an average production plant in a large urban center, let us take as an example the Peiping Agricultural Machines and Tools Plant, which employs about 4,500 workers (and which is now being readied for the production of grain combines under Soviet license). A group - VIII worker receives there a basic monthly wage of 107 yuan, a group - I worker receives 34 yuan, and a so called group - 0 worker receives 19 yuan and free summer and winter clothing. Workers in the zero group who do not have a family may take advantage of the plant cafeteria. Daily meals amount to a monthly average of a little over 10 yuan. Payment for lodgings in the Workers' House amounts to 2-3 yuan a month.

Just as in other enterprises, the wage fund in the Peiping Agricultural Machines and Tools Plant is supplemented by periodic bonuses and rewards paid out of the 10% of the profits of the enterprise which the state grants it for improving the social and cultural conditions of the workers. It should be mentioned here that if the enterprise fails to show profit for objective reasons, corresponding funds are transferred to it from the reserve at the disposal of the industrial association. In this manner, bonuses and rewards for workers are guaranteed as a permanent supplement to the monthly wages of outstanding workers.

Bonuses are granted quarterly at meetings of the workers of the corresponding productive sections. These meetings provide the occasion to discuss the proposals of the leaders concerning the bonuses to be paid to eligible workers, and to listen to the opinions of the workers, both the very highly skilled and those in the lowest groups and apprentices. The high bonus fund guarantees the possibility of paying bonuses to a considerable number of workers (75%-80%). The workers' meetings divide those eligible for bonuses into the following groups: a) work leaders, b) leading workers, c) good workers. A highly skilled worker, placed among the work leaders during a given quarter, receives a bonus amounting to approximately 35 yuan; the so-called leading worker receives 15-25 yuan; a good worker receives 10-15 yuan or 5-7 yuan. For apprentices and poorly skilled seasonal workers, bonuses amount to 10-15 and 5-7 yuan respectively. Work leaders who have done distinguished work during the entire year may be recommended for annual bonuses amounting to 40-50% of their basic monthly wages. The more outstanding work leaders are also rewarded with honorary distinctions.

The wage system stresses basically the propaganda aspect of the reward, treating as a secondary factor the "built-in" economic incentive. When it organizes workers' meetings concerning the evaluation of the work competition between the workers participating in the meeting, the Party Committee conducts the discussion not as debate on the amount of the proposed bonuses but as debate on placing workers in one of the bonus categories. Sometimes the amount of the bonuses is not given at all at these

meetings, information concerning bonuses often being limited to the announcement, via a radio network or some other speedy communication system, that the leaders whose names have been chosen during the meeting should be models for the others.

The principle "Politics is the driving force" is also expressed in the bonus system regarding the leaders of a plant. Financial bonuses and rewards are completely forbidden to directors of plants, secretaries of Party Committees, and chairmen of plant trade-union organizations. This category of workers can only receive honorary rewards from Party Committees in the form of certificates and decorations.

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